
MEMORANDUM

TO: Rebecca Goldsmith and Lola Hermosillo

FROM: Randall Blair and Larissa Campuzano

SUBJECT: Evaluation Design for the Investment Support and Financial Services Activities of the Productive Development Project, El Salvador: **Revised to Include the Financial Services Activity**

DATE: 2/21/2014
ESVED2-050

Executive Summary. Funded by the Millennium Challenge Corporation (MCC) and implemented by El Salvador's Millennium Challenge Account (known as FOMILENIO in Spanish) from 2008 to 2012, the main objective of the Productive Development Project (PDP) was to assist in the development of profitable and sustainable business ventures for poor individuals in El Salvador's Northern Zone. Over approximately four years, the PDP used nearly \$72 million in allocated funds to provide over 13,500 participants with technical and material assistance and create more than 11,000 full-time equivalent jobs. The PDP comprised three activities: Production and Business Services (PBS), Investment Support, and Financial Services.

With \$57 million in funding, the PBS Activity was the largest of the PDP's three activities. The PBS Activity offered training and technical assistance, in-kind donations, and other business development services to small farmers and business owners. PBS assistance spanned several sectors, including horticulture, fruit, dairy, handicrafts, tourism, forestry, and coffee production. The PBS Activity was implemented in three distinct phases: a pilot phase from 2008 to 2009, Phase I from 2009 to 2010, and Phase II from 2010 to 2012. Under the supervision of FOMILENIO, Chemonics International implemented Phases I and II of the PBS Activity through contracts with technical service providers including CARE, Swisscontact, TechnoServe, and Zamorano.

The Investment Support Activity of the PDP was designed to make investment capital available to poor individuals and organizations that benefited poor inhabitants of El Salvador's Northern Zone. In 2009, the implementing parties of the Investment Support Activity, The Multisectorial Development Bank (BMI)¹ and FOMILENIO, established the Trust Fund to Support Investment in the Northern Zone (known as FIDENORTE in Spanish). Through the trust

¹ In 2012, BMI changed its name to BANDESAL. The bank's name remains largely unchanged in this memorandum. However, draft survey documents for 2013 data collection refer to the organization as BMI/BANDESAL.

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fund, BMI and FOMILENIO approved and disbursed credits of at least \$50,000 to productive businesses in the handicrafts, horticulture, dairy, fruit, and tourism sectors.

The Financial Services Activity of the PDP was designed to provide financial enhancements to support increased lending activity by banks and other financial institutions in the Northern Zone.² Key sub-activities of the Financial Services Activity were the PROGARA NORTE and Sociedad de Garantías Recíprocas (SGR) guarantee funds established by BMI and FOMILENIO, which provided partial guarantees for loans to small producers in targeted sectors. Participating lending institutions in the Northern Zone could use these funds to guarantee qualified loans, and thus recover a portion of defaulted loans. The Financial Services Activity also included funds for crop insurance and technical assistance for financial institutions in the region.

The Financial Services Activity was designed to complement to the Investment Support Activity described above. Both activities would target the key agricultural and non-agricultural sectors listed above, but the Financial Services Activity would stimulate small lending to micro, small, and medium-size enterprises, whereas FIDENORTE lending would provide more established businesses with larger investment loans. In addition, the Investment Support and Financial Services Activity were designed to complement PBS assistance, in that small producers receiving technical and material assistance from PBS service providers could access FIDENORTE loans as well as smaller, partially guaranteed loans to invest in their agricultural, handicraft, or tourism businesses. However, access to FIDENORTE loans and PROGARA NORTE- and SGR-guaranteed loans was not restricted to PBS participants.

We propose a mixed-methods performance evaluation design to evaluate the Investment Support activity. Through an analysis of business plans, borrower files, repayment data, borrower questionnaires, and information from interviews with applicants and MCC, BMI, and FOMILENIO personnel, Mathematica will document: (1) FIDENORTE's levels of demand, investment, and costs; (2) the characteristics of FIDENORTE applicants and borrowers; (3) administrative activities and services associated with the program; (4) facilitators and barriers to efficient and effective implementation of the Investment Support activity; (5) borrowers' use of credit and repayment rates; and (6) levels of investment, employment, and income following approval for a FIDENORTE loan.

Similar to our evaluation of the Investment Support Activity, we propose a mixed-methods design to evaluate the Financial Services Activity. Through an analysis of administrative data and information from interviews with MCC, BMI, FOMILENIO, and participating financial institution personnel, Mathematica will document: (1) guarantee funds' levels of demand, investment, and costs; (2) the characteristics of PROGARA NORTE and SGR borrowers and loans; (3) the implementation of the guarantee funds and technical assistance; and (4)

² MCC-El Salvador Compact. Schedule 2 to Annex I: Productive Development Project.

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stakeholders' perceptions of the results of the activity's primary investments. We present our evaluation design for the Investment Support Activity in Section A, followed by our design for the Financial Services Activity in Section B.

These evaluations of the Investment Support Activity and the Financial Services Activity have some key limitations. Notably, their mixed methods research designs do not allow for the estimation of the impact of either activity on access to capital or lending in the Northern Zone. In addition, potentially poor interviewee recall is a key limitation of the Financial Services Activity evaluation, as stakeholders will be asked about some events and decisions that occurred as early as 2006. However, these evaluations will document implementation of both activities, outline important themes that arise from an analysis of these programs' loan portfolios, summarize stakeholder outcomes (in the case of FIDENORTE) and perceptions on the effects of these programs, and make some conclusions regarding best practices and lessons learned during implementation. These findings could provide guidance for future MCC investment support activities in Central America.

A. Investment Support Activity Study Design

Background. Funded by the Millennium Challenge Corporation (MCC) and implemented by El Salvador's Millennium Challenge Account (known as FOMILENIO in Spanish) from 2008 to 2012, the main objective of the Productive Development Project (PDP) was to assist in the development of profitable and sustainable business ventures for poor individuals in El Salvador's Northern Zone. Over approximately four years, the PDP was designed to use nearly \$72 million in allocated funds to provide over 13,500 participants with technical and material assistance and to create more than 11,000 full-time equivalent jobs. The PDP comprised three activities: Production and Business Services (PBS), Investment Support, and Financial Services. The PBS Activity was originally designed to offer training and technical assistance, in-kind donations, and financial/business planning services to small farmers and business owners. The Investment Support Activity offered investment capital (in the form of long-term loans of over \$50,000) for viable business proposals. Lastly, the Financial Services Activity supported two loan guarantee programs targeting micro-, small, and medium enterprises, as well as a small technical assistance program to financial institutions.³

As stated in the MCC-El Salvador compact, the goal of the Investment Support Activity was to provide poor individuals and organizations that benefit them with much-needed investment capital. Provided in the form of multi-year loans, this investment capital was intended to reduce poverty by enabling the creation of profitable and sustainable business activities that generate

³ The final Investment Support evaluation report will likely include an analysis of the Financial Services Activity. Mathematica will develop a design for this analysis following our trip to El Salvador in April 2013.

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employment and significantly raise borrowers' income. From 2009 to 2012, BMI administered the activity through the FIDENORTE Trust Fund.⁴

FIDENORTE lending officially commenced in early 2009, but initial implementation was characterized by low levels of outreach and a small number of viable applications. After a successful outreach campaign in late 2009 and a decision to contract consultants to develop business plans, BMI presented several viable projects to the investment committee in late 2009 and early 2010. By the mid-term review of all FOMILENIO activities in March 2010, 13 proposals worth \$2.4 million were approved by the investment committee. Because of concerns regarding BMI's ability to develop a pipeline of projects in the remaining compact period, FIDENORTE investment capital funding was cut in March 2010 to \$8.5 million—a reduction of 50 percent relative to the original funding. FIDENORTE implementation after the mid-term review was strong compared to previous implementation periods, as BMI and FOMILENIO established and strengthened processes to develop and analyze business plans and submit loan applications to the investment committee for their approval. Thirty-one loans worth \$5.0 million were approved between the mid-term review and April 1, 2011, the last date new loans were approved.

The original lending target for the Investment Support Activity was 50 approved loans worth \$17 million. After the mid-term review in early 2010, this target was revised downward to 35 approved loans worth \$8.5 million. With 44 approved loans worth \$7.5 million, FIDENORTE surpassed its revised target of 35 approved loans, but fell short of its revised goal of \$8.5 million in approved funds. With 30 loans worth \$5.7 million granted by September 30, 2011, actual FIDENORTE lending was notably lower than the number and amount of loans approved by that date. As with all activities funded by the compact, the Investment Support Activity ended in September 2012. However, loans granted under the activity are not required to reach maturity until September 2016.

Research Questions. Through an analysis of business plans, borrower files, repayment data, applicant questionnaires, as well as information from interviews with applicants and MCC, BMI, and FOMILENIO personnel, Mathematica will answer the following eight primary research questions:

⁴ The Multi-Sector Investment Bank is owned by the Government of El Salvador. Established in 1994 with assistance from the Inter-American Development Bank, the primary objective of the BMI was to supply much-needed medium- and long-term capital to private sector enterprises in an efficient, fair, and transparent manner. Before its involvement with the Investment Support Activity, BMI functioned exclusively as a second-tier lender or an institution that lent to other financial institutions, which in turn lent to private citizens, companies, and other organized groups. In January 2012, BMI changed its name to Banco de Desarrollo de El Salvador, or BANDESAL. However, it is referred to as BMI throughout this report.

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- 1) **What were FIDENORTE's levels of demand, investment and costs?** How many prospective borrowers solicited FIDENORTE assistance and/or credit? How many actually received assistance and/or credit? What was the amount of credit approved/disbursed and what were the administrative costs associated with program? Were these levels of demand, lending, and costs anticipated by FOMILENIO and BMI? What changes in funding and budget allocations took place over the course of the project, and why?
- 2) **What were the average characteristics of FIDENORTE loans?** What was the average loan amount, loan period, collateral requirement, and interest rate of a FIDENORTE loan? What were the relative advantages and disadvantages of a FIDENORTE loan compared to other loan products in the market?
- 3) **What were the characteristics of FIDENORTE applicants and borrowers?** How did the characteristics of approved applicants differ from those of non-approved applicants? Did the profile of applicants and borrowers differ from the population targeted in the compact? Did borrowers have access to other sources of credit besides FIDENORTE? How common are FIDENORTE borrowers' businesses, and how do FIDENORTE borrowers differ from non-FIDENORTE borrowers with similar businesses?
- 4) **What administrative activities and services did BMI and FOMILENIO perform (or finance) related to developing, approving, disbursing, and monitoring credits?** What were the key steps in the credit process, ranging from the application for credit to the disbursement and monitoring of funds? How long did each step take, on average? Where these steps carried out as conceived in the 2006 compact and original implementation plan? What was the role of the Productive Development (PD) Investment Committee? What services did applicants/borrowers receive during each step? Who provided these services? Did any recipients of FIDENORTE services and credits also receive technical assistance through the program, or assistance related to the PBS component of the PD project? How did FIDENORTE activities interact with PBS activities or other investments funded under the PD project?
- 5) **What were facilitators and barriers to efficient and effective implementation of FIDENORTE lending?** What administrative practices and decisions facilitated the development, approval, disbursement, and monitoring of credits? What administrative practices and decisions inhibited these processes? Were there bottlenecks or efficiencies at any key stages in the lending process?
- 6) **How did borrowers use FIDENORTE credit and technical assistance? What was the overall repayment rate at key points from 2011 to 2013?** What investments were financed with credit? Did borrowers use credit as originally outlined in business plans? Did borrowers repay credits promptly over the course of the loan period? What

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was the overall repayment rate? What factors affected repayment? How did the FIDENORTE loan portfolio perform from 2011 to 2013?⁵

- 7) **What were borrowers' levels of investment, employment, and income following receipt of FIDENORTE credit?** How many temporary and permanent jobs were linked to businesses supported by FIDENORTE credit?⁶ Did supported businesses report positive net incomes following receipt of FIDENORTE credit? Did borrowers' credit scores change following receipt of credit? To what extent did these outcomes contribute to the overall objective of the PD project, and will positive outcomes be sustained in the future? Did the credit from the Investment Support Activity induce new investment, employment and income that wouldn't have taken place without it? How did FIDENORTE borrowers' levels of investment, employment, and income compare to approved FIDENORTE applicants who did not take out loans?
- 8) **Were there additional effects of FIDENORTE at the organizational or systemic level?** Did FIDENORTE contribute to capacity development or inform lending practices at BMI? Will more credit be provided in the agricultural sector as a result of FIDENORTE?

We chose a mixed methods design for this evaluation because a rigorous impact evaluation of FIDENORTE activities is not possible for the following reasons: First, there is no viable comparison group for borrowers. Because FIDENORTE credit is available to all eligible producers in the Northern Zone, it is impossible to construct a comparison group of eligible producers that is similar to FIDENORTE borrowers on all dimensions except for access to FIDENORTE credit. Furthermore, even if a viable comparison group were available, small sample sizes would not allow for sufficient statistical power to estimate program impacts. In addition, the long timeframe of FIDENORTE assistance diminishes Mathematica's ability to analyze the impact of investment support activities on borrowers' income and employment. BMI and FOMILENIO staff are concerned that any monitoring and evaluation activities undertaken within two years of loan approval would precede the long-term impacts of FIDENORTE credit. The average credit period for FIDENORTE borrower is over six years, and the largest gains in income and employment are not expected until the latter half of the credit period.

Given these considerations, we propose a performance evaluation that: (1) documents all activities and investments related to the FIDENORTE program, and (2) assesses borrowers' key

⁵ The analysis of the loan portfolio's performance will be based on administrative data and indicators provided by BANDESAL. Key performance indicators will be selected in consultation with BANDESAL and MCC staff. If possible, this analysis will document performance on a quarterly basis.

⁶ This question refers to employment of *non-borrowers* following receipt of credit. By definition, FIDENORTE borrowers are employed in a productive activity.

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outcomes following receipt of credit during the compact period. Using a mixed-methods approach, we cannot estimate the impact of FIDENORTE lending on borrowers' outcomes: that is, we cannot attribute any changes in borrowers' outcomes—particularly employment and income—to FIDENORTE assistance or credit. However, we can document borrowers' investment, employment, and income in the short-, medium-, and long-term, and assess alternate factors that could have influenced these changes (including the receipt of FIDENORTE credit and assistance).⁷ Complemented by the evaluation's implementation assessment, these findings could provide guidance for MCC lending activities in El Salvador, as well as inform future lending programs in Latin America featuring similar financial products.

Data Sources. To answer many of these research questions, Mathematica will use secondary data sources, or existing sources of quantitative and qualitative information. Secondary data sources include borrower files, administrative financial data, business plans, and annual borrower questionnaires developed and administered by BMI. In particular, borrower files and other administrative data will provide important information on services received by borrowers, investments, costs, administrative activities, and repayment rates. Data from borrower questionnaires will provide information on the jobs created following receipt of FIDENORTE funds, as well as business outcomes following receipt of credit.

To explore FIDENORTE activities and short-term outcomes of the lending program, Mathematica conducted primary data collection in mid-2011 through hour-long, in-person interviews with ten approved FIDENORTE applicants, as well as hour-long interviews with key MCC staff that helped design the Investment Support activity, one member of the PD Investment Committee, as well as key BMI and FOMILENIO staff that managed the loan development, approval, and disbursement processes. This included MCC's deputy resident country director for El Salvador (Kenny Miller), MCC's lead technical staff-person for the Investment Support Activity (Sarah Crawford), BMI's program coordinator for FIDENORTE (Mabel de Soundy), FOMILENIO administrative staff (Isabel Rodríguez and Ileana Castro), as well as front-line staff that interacted directly with borrowers.

Interviews with applicants and key staff were structured around the eight primary research questions. Interviews with key staff focused on administrative activities, services, and costs (questions 1-5); whereas interviews with applicants focused on the use of credit and short-, medium-, and long-term outcomes (questions 6-8). Table 1 maps specific research questions (or topics) to their expected data sources. By asking identical questions of a variety of stakeholders, we will be able to compare and contrast different perceptions of FIDENORTE implementation and results.

⁷ For the purposes of this evaluation, we define short-term outcomes as results within one year of the first credit disbursement, medium-term outcomes as results between one and two years of the first disbursement, and long-term outcomes as results between two and four years of the first disbursement.

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Table 1. Research Topics and Data Collection Sources: FIDENORTE Evaluation

Research Topics	Administrative Data Sources		Interview Data Sources			
	Monitoring Records and Business Plans	Borrower Survey	MCC and Committee-Member Interviews	FOMLENIO and BMI Administrative Staff Interviews	Applicant Interviews: 2011	Applicant Interviews: 2013
1. Demand, Investments, and Costs						
Demand for services and credit	X		X	X		
Total loan portfolio and average loan size	X					
Administrative costs of credits	X			X		
2. Loan Characteristics						
Amount, period, and interest rate	X			X		
Relative advantages and disadvantages of FIDENORTE loans	X			X		X
3. Applicant and Borrower Characteristics						
Characteristics of applicants and borrowers	X		X	X		
Comparison of profile of actual borrowers to population targeted in the compact	X		X	X		
4. Administrative Activities and Services						
Developing business plans and formal proposals	X		X	X	X	
Approving and disbursing credits	X		X	X	X	
Monitoring, client services and technical assistance	X		X	X	X	X
Fidelity to activities and services outlined in compact	X		X	X		
5. Facilitators and Barriers to Implementation						
Facilitators to effective/efficient implementation			X	X	X	X
Barriers to effective/efficient implementation			X	X	X	X
6. Use of Credit and Delinquency						
Investments and activities	X	X	X	X	X	X
Fidelity to original business plans	X	X	X	X	X	X
Repayment rate	X					
Factors affecting repayment			X	X		X
7. Employment and Income						
Temporary and permanent jobs		X	X	X	X	X
Net income		X	X	X	X	X
8. Other Effects of FIDENORTE						
Institutional effects			X	X		
Effect on lending in the Northern Zone			X	X		

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In addition, Mathematica staff designed a FIDENORTE follow-up survey instrument that will be used by DIGESTYC staff in follow-up interviews with all 41 individuals who were approved for FIDENORTE loans. These interviews will focus on borrowers' repayment and business outcomes following receipt of FIDENORTE credit. The objective of the interviews is to learn more about borrowers' experience with repayment, including obstacles to prompt repayment, as well as document their use of paid labor, costs, sales, and net income in the past year. To capture this information, the survey instrument will feature a mix of quantitative and qualitative questions: quantitative questions will inquire into investment, employment, sales, and net income levels, whereas qualitative questions will inquire into lessons learned, reasons for not meeting or exceeding original expectations, and applicants' suggestions for future loan programs. (See Appendix B for the draft survey instrument for loan applicants.)

Data Collection. There are two key phases of data collection related to this study: after the first two years of implementation (from mid-2009 to mid-2011) and following the conclusion of the compact in early 2013.⁸

In mid-2011, Mathematica staff traveled to El Salvador to complete the first round of data collection.⁹ During this trip, Mathematica conducted in-person interviews with a purposive sample of ten FIDENORTE applicants that applied for credit from mid-2009 to mid-2011. During another trip to El Salvador in mid-2011, Mathematica staff also interviewed key BMI and FOMILENIO staff, as well as a member of the PD investment committee.

In early 2013, Mathematica completed the second round of data collection related to the FIDENORTE study. In April 2013, the research team traveled to El Salvador to interview BANDESAL staff and obtain FIDENORTE administrative data, particularly repayment/performance figures and any data gleaned from borrower questionnaires. (See Appendix A for the draft data request and protocol for this interview.) Also in April 2013, Mathematica staff trained DIGESTYC data collectors to administer the in-person follow-up interview to all 40 FIDENORTE applicants who were approved for credit. These interviews are scheduled to be completed by early June 2013.

Because the in-person interview will be administered to all approved applicants, several applicants who declined FIDENORTE credit will be interviewed. These applicants will not be asked about FIDENORTE loan repayment and other issues that are only relevant to

⁸ In early 2013, many borrowers that signed credit agreements in 2009 and 2010 will still not have paid off their FIDENORTE credit and realized all projected long-term outcomes. However, we believe that four years is sufficient time to assess most medium- and long-term changes in employment and income related to credit and assistance.

⁹ Given that Mathematica's current contract with MCC expires in September 2010, these analyses and activities will be undertaken either by Mathematica or another institution chosen by MCC.

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FIDENORTE borrowers. However, these applicants will be asked about their businesses' levels of employment generation, investment, sales, and operating costs, as well as any non-FIDENORTE loans they might have obtained in recent years. This will facilitate a basic comparison of FIDENORTE borrower and non-borrower outcomes. In particular, these interviews with non-borrowers will allow us to compare non-borrowers' average levels of investment—including personal investments and investments financed with non-FIDENORTE loans—to average levels of investment of FIDENORTE borrowers. These interviews will also offer some insight into the advantages and disadvantages of FIDENORTE loans relative to non-FIDENORTE loans.

Analysis and Reports. In early 2011, Mathematica created, organized, and updated a baseline and monitoring database for all FIDENORTE applicants from 2009 to 2011. This database contained qualitative and quantitative data collected from business plans and PowerPoint presentations to the PD Investment Committee.¹⁰ Also in early 2011, Mathematica produced and refined a master protocol for interviews with applicants and key staff. The master protocol was structured around our eight primary research questions; each primary question was accompanied by several specific questions that explore different aspects of the question's central theme.

In mid-2011, Mathematica analyzed administrative data and data from first-round interviews. To facilitate the analysis of qualitative data—including borrowers' reported activities and investments—we identified common themes that emerged across borrowers and projects. In addition, we computed descriptive statistics for approved and non-approved FIDENORTE projects. Qualitative and quantitative findings were organized and synthesized according to our framework of eight primary research questions.

In late 2011, Mathematica produced and submitted an interim report to MCC on the Investment Support Activity. In the report, we included a discussion of the FIDENORTE program's original structure, scope, and financial product, as well as program modifications that took place during implementation. In this interim report, we presented our analysis of the fidelity of program implementation, or whether administrative processes and services associated with developing, approving, disbursing, and monitoring credit were executed according to the compact and original implementation plan. In addition, the report included a discussion of facilitators and barriers to efficient and effective implementation of FIDENORTE lending. Also in the report, we described the initial investments, activities, and business outcomes of a convenience sample of five FIDENORTE borrowers, and compared these borrowers to a

¹⁰ We will work with BMI and FOMILENIO to access BMI's administrative data and clean the data of all personal identifiers before including it into our monitoring database. Administrative data may include the following borrower-level indicators that BMI is required to provide to FOMILENIO every trimester: (1) risk assessment, (2) SP2 beneficiary, (3) credit amount, and (4) interest rate.

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matched sample of five non-borrower applicants. After several rounds of revisions, Mathematica submitted the final version of this report in February 2013.

In 2013, Mathematica analyzed FIDENORTE administrative data and data from second-round interviews. In 2014, Mathematica will submit its final FIDENORTE evaluation report. The report will synthesize findings from the second round of data collection, which is largely comprised of in-person interviews with all approved FIDENORTE applicants. The main focus of the final report will be to document borrowers' employment generation, investment, repayment, and income following receipt of FIDENORTE credit. The final report will feature an analysis of repayment rates and other loan portfolio performance indicators, as well as a discussion of factors that may have affected borrowers' repayment. To the extent possible, we will also compare borrowers' business outcomes to those of approved applicants who did not take out FIDENORTE loans.

Study Limitations. The primary methodological limitation of the proposed evaluation is its reliance on borrower-reported information regarding employment, investments, and income. Borrowers will likely face incentives to report levels of employment, production, and income that are comparable to increases projected in their original business plans. For this reason, we expect an upward bias in reported changes following receipt of credit. To counteract this potential bias, we will identify and use appropriate data verification procedures over the course of the study. This may include a verification of relevant documents and financial records in cases in which applicants' answers to interview questions do not appear accurate.

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B. Financial Services Activity Study Design

The Financial Services Activity was designed to provide assistance in the form of: (1) partial guarantees for small producers (known as the PROGARA NORTE program), (2) partial guarantees for micro, small, and medium-sized businesses (known as the SGR assistance program), (3) co-financing for crop insurance, and (4) technical assistance to financial institutions. All of these investments were intended to produce the activity's goals of increased access to credit and other financial services, as well as improved risk profiles of micro, small and medium producers and rural entrepreneurs in the Northern Zone. Below we provide a summary of each of these four sub-activities, which represented a combined investment of \$9.5 million from 2007 to 2012. (Also, see Table 2 for basic information on each sub-activity.)

1. PROGARA NORTE Guarantees

In 2009, FOMILENIO and BANDESAL established a guarantee fund, Programa de Garantía Agropecuaria de la Zona Norte (PROGARA NORTE), based on an existing government-sponsored guarantee program, PROGARA. Managed by BANDESAL, PROGARA NORTE provided partial guarantees of small loans made to farmers and small business owners in the Northern Zone. These partial guarantees were designed to reduce the lending risk of financial intermediaries in the region, thus stimulating access to credit in productive investments in vegetable, fruit and dairy production, as well as other eligible non-agricultural sectors (including handicrafts). The guarantee fund established a reserve to cover any arrears of up to 50 percent of the amount of loans to medium-sized producers and up to 70 percent of loans to micro and small producers. At its inception, the fund had a net worth of \$2.5 million, and FOMILENIO established a separate fund of \$380,000 to cover administrative costs of the program during the first three years. Updated in 2012, the FOMILENIO Monitoring and Evaluation (M&E) Plan stated a goal of 5,109 PROGARA NORTE guarantees granted with a value of \$9,680,000 over the course of project implementation.¹¹

As established by FOMILENIO and BANDESAL, guaranteed loans could range from \$200 to \$100,000. Financial intermediaries—including banks and credit unions—could initiate the loans and pay a small fee to apply the PROGARA NORTE guarantee.¹² The fund's guarantees were designed to benefit both lenders and borrowers. Lenders would face smaller losses in the case of defaults, thus producing incentives to increase lending to small producers in the targeted

¹¹ The latest version of the plan is available at http://www.mcc.gov/documents/data/SLV_ME_Plan_Sept_2012_MCC_Approved.pdf.

¹² This premium was actually shared by the lending institution and the borrower, as the borrower covered half of this premium through interest payments.

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sectors. In turn, borrowers could access more capital and/or receive more favorable loan conditions than would be possible in the absence of the guarantee.

In 2009, the following financial intermediaries had qualified to participate in the PROGARA NORTE program: Caja de Crédito de Aguilares, Banco de Fomento Agropecuario, Caja de Crédito Metropolitana, Banco Hipotecario, Caja de Crédito de Chalchuapa, Banco de los Trabajadores de Soyapango, Bancofit Caja de Crédito de Soyapango, Caja de Crédito de Santa Ana, Apoyo Integral Caja de Crédito de Quezaltepeque, and Banco Promérica. Under the PROGARA NORTE program, any of these participating lenders could apply the PROGARA NORTE guarantee to loans for investments in eligible agricultural and non-agricultural sectors. Staff at participating banks was responsible for assessing and approving loans, applying for guarantees, collecting on loans, and requesting guarantee payments from BANDESAL for all defaulted loans.¹³

2. SGR Guarantees

SGR is a public-private entity that provides loan guarantees for micro, small and medium-sized enterprises in El Salvador. Such guarantees enable SGR member-businesses to receive loans from participating banks or commercial lenders. The Financial Services Activity allocated funds to cover the additional costs associated with the expansion of SGR's existing guarantee program to the Northern Zone, and to create a reservoir to guarantee new loans made to SGR member-businesses in the Northern Zone.

For the SGR guarantee program (as well as for PROGARA NORTE), MCC funding was intended principally to create a reserve that would earn interest until funds were needed to cover losses from defaulted loans. As long as the fund's losses were contained at a manageable level, these MCC resources would remain when the Compact expired in 2012, and could be used to capitalize the guarantee funds permanently or apply them to some other use. MCC and other stakeholders expected that if the guarantee funds were permanently established, normal fee charges would be sufficient to cover the expenses of the guarantee programs. In this manner, the guarantee funds had potential for sustained operations after the compact period.¹⁴

¹³ Banco Cuscatlán (later Citibank) initially played the role of administering guarantees, which included processing applications and premiums from lenders, and requesting funds from BANDESAL to cover defaulted loans. However, BANDESAL assumed these responsibilities once Citibank leadership made the decision to relinquish this role.

¹⁴ MCC-El Salvador Compact, Schedule 209.

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3. Crop Insurance

The Financial Services Activity also supported a crop insurance program for farmers producing crops in the Northern Zone. Administered by BANDESAL, this program would cover up to 50 percent of the insurance premium for small farmers who received PDP technical assistance or received certification of good agricultural practices by PDP implementers. Intended beneficiaries were farmers who received technical and material assistance from FOMILENIO through the Production and Business Services Activity of the PDP.

4. Technical Assistance

In addition, the activity provided funding for technical assistance to financial intermediaries to help expand the supply of financial services to producers and businesses in the Northern Zone. According to the compact, BANDESAL would administer technical assistance to financial institutions under this activity. In 2009, an amount of \$600,000 was approved for technical assistance, with a maximum amount of \$40,000 per assisted institution and a required counterpart of 20 percent.

Table 2. Summary of Financial Services Investments

Component	Primary Activities	Funds Available	Implementer	Objective
PROGARA NORTE Guarantees	Establish a reserve to cover potential defaults	\$9.54 million over 5 years	Primary implementer: BANDESAL, working in conjunction with first-tier lenders and SGR	Increase lending and access to credit and other financial services, and to improve the risk profile of micro, small and medium producers and rural entrepreneurs in the Northern Zone
SGR guarantees	Cover incremental SGR expenses associated with expanding the SGR guarantee program in the Northern Zone, as well as a reserve to increase SGR guarantee authority			
Crop insurance	Support a crop insurance program for vegetable farmers based in the Northern Zone, and cover up to 50 percent of insurance premiums			
Technical assistance	Provide specialized, short-term technical assistance to financial intermediaries in the Northern Zone.			

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Implementation of the Financial Services Activity. During the compact period, participation in the PROGARA NORTE guarantee program was strong among financial institutions in the Northern Zone. Financial institutions in the Northern Zone made 5,240 loans with PROGARA NORTE guarantees. These loans were valued at over \$8 million, and nearly \$5.4 million of this amount was guaranteed by PROGARA NORTE. SGR guarantees were also popular among SGR membership, with 210 partial guarantees provided to SGR members during the implementation period. However, there was minimal demand for crop insurance. Only one insurance policy was opened, and the program was cancelled at the mid-term review in early 2010.

Research Questions. Through an analysis of administrative data as well as information from interviews with key stakeholders, Mathematica will answer the following four research questions (and their accompanying subquestions) regarding the design and implementation of the Financial Services Activity from 2007 to 2012:

1. What were the Financial Services Activity's levels of demand, lending and costs?
 - *Demand for guarantees, insurance, and assistance.* Was demand for guarantees, insurance policies, and technical assistance higher or lower than anticipated? Did PROGARA NORTE and SGR have higher demand than the final number of approved and guaranteed loans? Why or why not?
 - *Levels of lending, number of crop insurance policies, and assistance.* How many loans were guaranteed through the PROGARA NORTE and SGR programs, and how many crop insurance policies were initiated? What was the amount of credit guaranteed under PROGARA NORTE and SGR? Did the number and amount of loans and insurance policies meet compact and M&E targets? Why or why not?
 - *Costs.* What were each program's administrative costs to BANDESAL and participating lending institutions? Were these levels of lending and costs anticipated by FOMILENIO and BANDESAL? What changes in funding and budget allocations took place over the course of the project, and why?
2. What were the characteristics of participating borrowers, participating financial institutions, and loans guaranteed under the Financial Services Activity?
 - *Characteristics of lending institutions.* What types of lending institutions participated in PROGARA NORTE and SGR lending? Did any of these lenders use PROGARA in the Northern Zone before PROGARA NORTE existed?
 - *Loan characteristics.* What was the average amount and repayment period of guaranteed loans, and for what purposes were loans used? In terms of interest rate, loan amount, loan purpose, collateral requirements, and repayment period, were PROGARA NORTE and SGR-guaranteed products different

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from financial institutions' prior loans or non-guaranteed loans made during the same time period?¹⁵

- *Borrower characteristics.* How did lending institutions identify potential borrowers of PROGARA NORTE-guaranteed loans? How were borrowers characterized in terms of their gender, businesses, and risk scores? Did the profile of applicants and borrowers differ from the population targeted for the Financial Services Activity in the compact? Were PROGARA NORTE-guaranteed borrowers different from financial institutions' typical borrowers? Were newly approved SGR borrowers in the Northern Zone different from existing SGR borrowers outside the Northern Zone?

3. How was the Financial Services Activity implemented?

- *General roles and activities.* What administrative activities and services did BANDESAL, SGR, and FOMILENIO perform related to the Financial Services Activity? What activities and investments were involved in designing and implementing the guarantee programs, and providing technical assistance to financial intermediaries? Were these activities carried out as conceived in the 2006 compact and original implementation plan? How did Financial Services activities interact with PBS activities or other investments funded under the PDP? Were guarantee funds liquidated at compact close-out and/or designated for another use?
- *Implementation at financial institutions.* Did end borrowers know about the PROGARA NORTE guarantees and/or request the new financial products? Did the participating financial institutions "sell" the guaranteed loans as distinct from their typical loans? Did the participating financial institutions make loans to new customers or did they use the products as alternative collateral for existing clients? Did any of the participating financial institutions target women borrowers with the guarantee program as an alternative to other forms of collateral?
- *Facilitators and barriers.* What administrative practices and decisions facilitated the development and implementation of the guarantee and insurance programs? What administrative practices and decisions inhibited

¹⁵ This is a difficult question to answer. To the extent possible, we will attempt to compare guaranteed loans to non-guaranteed loans made to the same borrower demographic for similar purposes. The goal of this comparison is to isolate the potential effect of the guarantee funds on loan characteristics, keeping borrower characteristics and loan purposes constant. However, this cannot be done scientifically in the context of qualitative interviews.

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these processes? What were facilitators and barriers of technical assistance to financial institutions?

4. According to stakeholders, what were the Financial Services Activity's results?
 - *Access to finance.* According to participating lenders, BANDESAL, SGR, and FOMILENIO representatives, did PROGARA NORTE and SGR help to increase access to credit (and the amount of credit provided) for micro, small, and medium-sized enterprises in the targeted sectors (fruit, vegetable, dairy) in the Northern Zone?
 - *Repayment.* What was the overall default rate for PROGARA NORTE and SGR? What factors affected repayment? How did the loan portfolio perform from 2010 to 2013? What were characteristics of borrowers who defaulted, versus borrowers who did not?
 - *Institutional effects.* Did the guarantee programs, insurance programs, or technical assistance programs enhance institutional capacity or inform practices or products at BANDESAL or other participating organizations? According to representatives from BANDESAL, SGR, and participating lenders, did participating financial institution lending behavior change in the Northern Zone as a result of the products?
 - *Sustainability.* Were PROGARA NORTE and SGR guarantee funds financially sustainable by the end of the compact?¹⁶ Are the participating financial institutions still using PROGARA, PROGARA NORTE or a similar guarantee program after the Compact?

Rationale for Study Design. We chose a mixed-methods, performance evaluation design for this evaluation because a rigorous impact evaluation of the Financial Services Activity is not possible for the same reasons outlined above related to the FIDENORTE evaluation component. Most importantly, there is no viable comparison group for this study, given that loan guarantees were available throughout the Northern Zone. In place of a rigorous impact evaluation, we propose a performance evaluation of the Financial Services Activity that documents: (1) levels of demand, investment, and costs; (2) the characteristics of PROGARA NORTE and SGR borrowers, loans, and participating lending institutions; (3) the implementation of the guarantee funds and technical assistance; and (4) stakeholders' perceptions of the results of the activity.

¹⁶ For the sustainability analysis, we define financial sustainability of the PROGARA NORTE and SGR funds as the feasibility that honored guarantees and administrative costs do not deplete guarantee fund reservoirs during the compact period. In other words, the funds' earned interest and guarantee premiums were sufficient to offset programmatic costs and recalled loans. This reflects language in Schedule 2-9 of the MCC-El Salvador compact, found at: <http://www.mcc.gov/documents/agreements/compact-112906-elsalvador.pdf>.

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Using a mixed methods design, we cannot estimate the impact of PROGARA NORTE and SGR lending on borrowers' outcomes or lending in the Northern Zone. However, we can document program implementation, outline important themes that arise from an analysis of these programs' loan portfolios, summarize stakeholder perceptions on the effects of these programs, and make some conclusions relevant to the sustainability of the PROGARA NORTE guarantee fund.

Data Sources. To answer several of these research questions, Mathematica will use administrative data sources, particularly administrative financial data obtained from BANDESAL and relevant programmatic reports and monitoring data (See Table 3 for a summary of which data sources will be used to answer each question). Mathematica staff will also conduct in-person interviews with key MCC and FOMILENIO staff that helped implement the Financial Services Activity, key BANDESAL and SGR staff that oversaw the PROGARA NORTE and SGR guarantee funds, and representatives from financial institutions that granted loans through PROGARA NORTE.¹⁷ Interviews with applicants and key staff will be structured around the evaluation's four primary research questions.

Data Collection. Mathematica proposes to conduct qualitative data collection in early 2014 related to the Financial Services Activity. This data collection will consist of in-person interviews with MCC, FOMILENIO, and BANDESAL staff, in addition to in-person interviews with SGR representatives and loan officers and administrators from 5-7 lending institutions that were approved to access the PROGARA NORTE and SGR guarantee funds.

In late 2013, Mathematica produced a master protocol for interviews with key stakeholders (See Appendix C). The master protocol is structured around the evaluation's four primary research questions: each primary question is accompanied by several sub questions that explore different aspects of the question's central theme. After MCC approves the master protocols, Mathematica will develop protocols for each respondent type (for example, a tailored protocol for lending institution representatives) that include all the questions that are relevant to each stakeholder.

¹⁷ In theory, we could also interview recipients of loans that were guaranteed by SGR or PROGARA NORTE to learn more about their businesses and loan application/approval process. However, lending institutions may be hesitant to divulge these individuals' contact information, it may be costly and time-consuming to locate and interview these individuals. If we were able to interview between 5 and 10 loan recipients, their perspectives on their access to finance, personal investment, and repayment experience would be interesting, but would not speak to the diversity of experiences of the thousands of borrowers who received guaranteed loans. Instead, we will use limited administrative data to summarize all borrowers, and rely on interviews with participating financial institutions and other stakeholders to document the loan application and approval process as it related to guarantee funds, and the potential effect of the guarantee funds on access to credit in the Northern Zone. Relying on accounts from financial institutions and implementers is not optimal, but it provides a cost-effective way to explore the potential global effect of the activity on access to credit in the region.

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Table 3. Research Topics and Data Collection Sources: Financial Services Evaluation

Research Topics	Administrative Data Sources			Interview Data Sources		
	Financial Records	Reports and Monitoring data	MCC and FOMILENIO Interviews	Interviews with BANDESAL	Interviews with SGR	Interviews with Lending Institutions
1. What were the Financial Services Activity's levels of demand, lending and costs?						
Demand for guarantees and insurance	X	X	X	X	X	X
Levels of lending, crop insurance policies, and assistance	X	X	X	X		
Costs	X	X	X	X	X	X
2. What were the characteristics of participating borrowers, participating financial institutions, and loans guaranteed under the Financial Services Activity?						
Characteristics of lending institutions	X	X			X	X
Loan characteristics	X	X			X	X
Borrower characteristics	X	X			X	X
3. How was the Financial Services Activity implemented?						
General roles and activities			X	X	X	
Implementation at financial institutions						X
Facilitators and barriers			X	X	X	X
4. What were the Financial Services Activity's results?						
Perceptions on access to credit			X	X	X	X
Repayment	X	X			X	X
Institutional effects				X	X	X
Sustainability	X	X	X	X	X	X

Depending on availability and resources, either one or two Mathematica researchers will conduct in-person interviews with stakeholders. With the exception of interviews with MCC staff—which can be conducted by phone or in Washington, D.C.—all interviews will occur in El Salvador in early 2014. We anticipate one interview with MCC staff, one interview with FOMILENIO staff, one interview with BANDESAL, one interview with SGR, and 5-7 interviews with financial lenders. Interviews with MCC and FOMILENIO staff will likely be 30 minutes in duration, whereas interviews with BANDESAL, SGR, and participating lending institutions will likely be between 1 and 1.5 hours in length due to additional questions that will be asked during these interviews. All interviews will be recorded, and at least one researcher or analyst will review the full recording of each interview and produce a written transcript of the interview.

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Interviewee Selection. Mathematica staff has already identified the appropriate MCC, BANDESAL, FOMILENIO, and SGR contacts; these are the one or two individuals at each organization who were most involved in the administration of the guarantee and technical assistance programs.¹⁸ The major decision regarding interviewee selection is the number of lending institutions that will be interviewed, and which institutions should be selected for interviews. Although a total of 58 lending institutions accessed the guarantee program, five institutions accounted for a total of 3,576 (or 68 percent) of the program's 5,240 guaranteed loans. During a data collection trip in early 2014, Mathematica staff will attempt to interview staff from at least four of these lending institutions, and at least one lending institution that was approved to access the guarantee fund, but did not make any (or many) PROGARA NORTE-guaranteed loans. If possible, we will request at least one loan officer who made guaranteed loans and one bank manager to attend the interviews. Mathematica staff will request the names and contact information for lending institution representatives from BANDESAL. In addition, we will attempt to interview staff from the financial institution that made the most SGR-guaranteed loans among the 210 SGR-guaranteed loans approved during the implementation period.

Data Analysis. Analysis of qualitative data is an iterative and organic process that is difficult to specify prior to data collection. However, in cases in which qualitative data is aggregated and analyzed for a performance analysis, we often employ an Excel-based¹⁹ approach in which stakeholder accounts and perceptions are first sorted into broad conceptual categories—e.g., financial products, target population, implementation, or results—and then sorted into subgroups within these categories. For example, within the broad *results* category, we will likely create subgroups for accounts and perceptions on each type of result included in the study, including repayment, increased lending to the region, and institutional learning.

Next, we organize the qualitative data in all interview transcripts into discrete “chunks” of information—ranging from a sentence or paragraph—that represent single but coherent ideas, descriptions, themes, quotes, or examples. (Generally, one hour-long interview is split into between 50 and 150 information chunks). Then we sort these information chunks into their most relevant subgroups, color-code responses, and group similar responses by theme. This allows us to cite the most common themes that emerge in interviews, and to identify any instances of conflicting accounts among interviewed stakeholders. In cases in which stakeholders present conflicting information, we plan to report these conflicting accounts as part of the findings,

¹⁸ In instances in which the most informed and involved individuals have left these organizations, we will attempt to contact them using the most current contact information available.

¹⁹ Other qualitative data analysis software packages, including Atlas.ti, can be used to perform these analyses. However, Excel provides greater flexibility in storing and sorting quotations and codes than these software programs, although it does not offer visualization capabilities often found in data analysis software. Given the relatively small number of interviews planned for this evaluation, we do not predict a need for these software packages.

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usually in the context of each stakeholder's likely circumstances or incentives to present their particular account.

Below, we provide additional detail on our approach to analyzing each research topic of the Financial Services Activity evaluation.

Analyzing demand, lending, and costs (Question 1). We will document lending levels and the amount of technical assistance provided through a review of administrative data and programmatic reports, largely supplied by BANDESAL. Next, we will compare these final lending levels to goals stated in the FOMILENIO M&E plan. For example, the plan states that 5,109 loans would be guaranteed by PROGARA NORTE with a value of \$9,680,000 over the course of project implementation. During in-person interviews with BANDESAL, FOMILENIO, and MCC staff, we will synthesize stakeholders' explanations for how this goal of 5,109 granted loans was successfully met, as well as the primary reasons the goal of a total value of \$9,680,000 in guaranteed loans was not met.

Because completed administrative data on the demand for guarantees and insurance policies are unlikely to be available, a comprehensive analysis of demand for loans, crop insurance, and technical assistance will likely involve a synthesis of existing administrative data and qualitative information gleaned from interviewed stakeholders. Most importantly, we will aggregate the perspectives of the interviewed lending institutions to determine the extent to which demand for loans of between \$200 and \$100,000 for designated agricultural purposes (from qualified potential borrowers) surpassed the number of loans guaranteed under PROGARA NORTE.

Similarly, our analysis of the costs of the Financial Services Activity will involve aggregating administrative costs and fees of managing the programs (largely borne by BANDESAL, SGR, and participating lenders), in addition to synthesizing reports from SGR and financial institutions regarding any unmeasured costs of administering guarantees. This may include additional labor costs to participating lending institutions, as well as oversight costs borne by FOMILENIO staff.

Characterizing borrowers (Question 2). We will use administrative data provided by BANDESAL (and participating lenders, if possible) to characterize borrowers. For example, BANDESAL administrative data will provide us with the gender and municipality of residence of PROGARA NORTE borrowers, as well as the size of their businesses and their credit rating. We will analyze and present these quantitative analyses in conjunction with qualitative narratives on typical borrower types provided by financial institutions and SGR during in-person interviews. Particularly important in this analysis is determining the extent to which PROGARA NORTE borrowers diverged from institutions' previous and existing portfolios of borrowers.²⁰ For this

²⁰ If participating lending institutions are reticent to share summary statistics on their non-PROGARA NORTE borrowers and loans, we must rely on their qualitative assessment of the extent to which their normal clientele and loan products differ from PROGARA NORTE borrowers and loans.

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analysis, we hope to compare PROGARA NORTE borrowers and non-PROGARA NORTE borrowers on the dimensions of (a) credit rating, (b) type of business, (c) size of business, and (d) gender. Notably, it is important to document any procedures by which lending institutions systematically offered guarantees to borrowers as a result of their rating, business type or size, or gender.

Characterizing loans (Question 2). We will use administrative data provided by BANDESAL (and participating lenders, if possible) to characterize loans. We can use administrative data to generate summary statistics of the periods, sizes, and purposes of PROGARA NORTE-guaranteed loans versus non-guaranteed loans made by participating lenders. We will analyze and present these quantitative analyses in conjunction with qualitative narratives on guaranteed loans provided by financial institutions and SGR during in-person interviews. Particularly important in this analysis is determining the extent to which PROGARA NORTE loan products diverged from institutions' previous and existing portfolios of non-guaranteed loans.²¹ For this analysis, we hope to compare guaranteed loans to non-guaranteed loans on the dimensions of (a) loan purpose, (b) amount, (c) interest rate, (d) collateral, and (e) repayment period. If guaranteed loans have systematically different loan amounts and collateral requirements than non-guaranteed loans, for example, we will ask lending institutions for potential explanations for these differences. Notably, it is important to document any bank procedures by which application of a PROGARA NORTE guarantee resulted in an automatic adjustment to a loan's interest rate, collateral requirement, or amount.

Characterizing institutions (Question 2). To characterizing participating financial institutions, we will obtain administrative data on the location, size and volume of total lending (within the Northern Zone) of all participating financial institutions. Particularly important is documenting whether participating financial institutions accessed the PROGARA guarantee fund for lending in the Northern Zone before the PROGARA NORTE fund was created. If these data are not available through BANDESAL, we will request this information from lending institutions during in-person interviews. If possible, we may also compare the characteristics of participating financial institutions that issued a large number of PROGARA-guaranteed loans versus institutions that issued a small number of guaranteed loans.

Analyzing program implementation (Question 3). To characterize implementation, we will likely use a mix of qualitative interview data, administrative records, and quarterly BANDESAL reports²² to (1) identify natural demarcations between phases

²¹ If participating lending institutions are reticent to share summary statistics on their non-PROGARA NORTE borrowers and loans, we must rely on their qualitative assessment of the extent to which their normal clientele and loan products differ from PROGARA NORTE borrowers and loans.

²² To our knowledge BANDESAL reports to FOMILENIO contain primarily financial information. Qualitative information on implementation phases and key activities will likely come from other sources, including in-person interviews.

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of implementation, (2) summarize all relevant investments and activities in each phase, and (3) document all actors involved. To summarize implementation of the PROGARA NORTE guarantees in particular, we must compare and contrast financial institutions' accounts of whom they targeted for guarantees and how they promoted the guarantees to potential borrowers. Our analysis will concentrate on common themes that emerge among interviewed institutions, as well as noteworthy practices by any interviewed institutions.

We will also analyze qualitative data from interviews to develop a common set of facilitators and barriers to implementing the guarantee funds, technical assistance, and crop insurance programs. Related to our analysis of implementation barriers, if we are able to interview at least one financial institution that was approved to access PROGARA NORTE, but did not use the fund in a significant way, we will document the primary reasons this institution (or these institutions) did not make use of the fund.

Analyzing results (Question 4). Administrative records will be the primary source for our analysis of repayment, given that these records detail the number of defaulted loans and the amount of these loans. However, there is no available baseline or follow-up data—nor is there a viable research design—to determine whether the Financial Services Activity increased access to finance in the Northern Zone (see study limitations below). In the absence of quantitative data on this topic, we will compare and contrast stakeholders' perspectives on the *potential* effect of the activity on access to credit in the region.

Our analysis of whether the activity could have increased access to credit will rely on stakeholders' perceptions regarding whether borrowers who obtained guarantees could have accessed credit for intended investments without these guarantees. To investigate this question, we will ask stakeholders if any of the following scenarios in Table 4 occurred at participating lending institutions, and the degree to which they occurred. Three of these scenarios involve mechanisms through which PROGARA NORTE increased access to credit lending, and two scenarios detail conditions that could have diminished the fund's ability to increase access to credit in the Northern Zone. In any of the three scenarios in which the fund increased overall lending, institutions' marketing/targeting efforts and/or borrower demand for guaranteed loans—or a combination of borrower- and lender-induced factors—could have stimulated additional lending. If lending institutions report additional lending linked to guarantee funds, we will explore the role of lenders versus borrowers in generating this additional lending.

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Table 4. Potential Scenarios for PROGARA NORTE Lending in the Northern Zone

Scenarios in which PROGARA NORTE may have increased lending

The availability of guarantees influenced banks to make (more) loans in new sectors.

The availability of guarantees influenced banks to make more attractive loans (larger amounts and/or low er collateral requirements) in the same sectors.

The availability of guarantees influenced banks to target and serve new borrow ers.

Scenarios in which PROGARA NORTE may have failed to increase lending

Even with the availability of guarantees, banks chose to serve the same clientele with similar loans in the same sectors.

Credit market conditions, regulations, bank policies, and/or political and financial factors served as obstacles to increased lending through the guarantee fund.

Analyzing sustainability (Question 4). For the sustainability analysis, we define financial sustainability of the PROGARA NORTE and SGR funds as whether the guarantee fund reservoirs were still present at the end of the compact period after honoring guarantees and paying administrative fees,²³ and we define the institutional sustainability of the guarantee funds as the existence of institutional incentives, arrangements, and practices that fostered the use of guarantees by financial institutions in the Northern Zone during the full compact period (and potentially beyond the compact period through PROGARA or a similar program). Administrative data will provide basic information to assess these two concepts. However, we must combine our analysis of these quantitative data with qualitative data from stakeholders on these topics. Most importantly, we hope to synthesize financial institutions' perspectives on the utility of the guarantee fund, and their desires and expectations to access PROGARA or similar guarantee funds in the future.

Reporting. Mathematica's evaluation of the Financial Services Activity will be included in its final report on the Investment Support Activity. This report is scheduled to be submitted in mid-2014. We will coordinate with MCC and the Technical Secretary of the GoES to schedule a workshop in El Salvador to present these results.

Study Limitations. A key question that cannot be answered with this evaluation design is the following: How did borrowers' investment, employment, income, and credit ratings change as a result of PROGARA NORTE and SGR loans? We cannot answer this question in a rigorous way because it would require interviews with a representative sample of borrowers, as well as a viable comparison group of individuals who did not receive guaranteed loans. This is not possible due to methodological, financial, and logistical constraints. However, during

²³ This definition draws from language in the compact regarding the financial sustainability of the PROGARA NORTE and SGR guarantee funds, found in Schedule 2-9 of the MCC-El Salvador Compact.

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stakeholder interviews, we will attempt to gather qualitative information on any potential effects of the activity, including whether it increased access to finance in the Northern Zone and whether it influenced participating financial institutions' lending behavior in any way.

In addition, we cannot rigorously assess whether the Financial Services Activity increased access to finance for micro, small, and medium-sized enterprises in the targeted sectors (fruit, vegetable, dairy) throughout the Northern Zone, or whether more credit be provided in the Northern Zone as a result of the activity. Such an assessment would require an accurate baseline and follow-up estimates of lending in the Northern Zone in all sectors targeted by the Financial Services Activity. In fact, even if baseline and follow-up data were available, it would be difficult to attribute any changes in lending to the activity. For these reasons, our analysis will synthesize stakeholders' perceptions on the extent to which the activity may have increased access to finance in the Northern Zone.

Interviewee recall is another concern for this evaluation, as stakeholders may have difficulty remembering key facts and details due to the length of time between program implementation and follow-up interviews. To mitigate potentially erroneous information resulting from recall bias, the evaluation team will attempt to corroborate key facts obtained from in-person interviews with at least one additional source, giving priority to administrative data and reports that were compiled or completed in closer proximity to the time period in question.

cc: Alejandro Sosa
Delmy Girón

APPENDIX A

BANDESAL DATA REQUEST AND INTERVIEW PROTOCOL

Solicitud de Datos de BANDESAL, 2013

Favor de compartir lo siguiente con personal de Mathematica:

- 1) La información de repago y desempeño más reciente y completa del portafolio FIDENORTE.
- 2) Todos los planes de negocio de solicitantes FIDENORTE que fueron aprobados por el comité de inversiones.
- 3) Cualquier información bruta y procesada sobre la inversión (o contraparte), la generación de empleo, y el ingreso de los prestatarios FIDENORTE que se ha captado por encuestas de prestatarios.
- 4) Cualquier información que tenga sobre la asistencia técnica—qué prestatarios la recibieron, el objetivo, el valor de la asistencia, etc.

Protocolo para Entrevista con Personal de BANDESAL, 2013

A. Monitoreo, Servicio al Cliente, y Asistencia Técnica

- 1) ¿En qué circunstancias hacen contacto con los prestatarios? Favor de describir su comunicación por teléfono y en persona.
- 2) Describa una visita de monitoreo “normal” a un prestatario FIDENORTE.
- 3) En general, ¿han sido fructíferas las visitas de monitoreo? ¿Por qué?
- 4) Favor de hablar sobre la utilidad del componente de asistencia técnica de FIDENORTE. Según su análisis, ¿le proporciona un servicio de calidad al prestatario?

B. Inversiones y Modificaciones

- 1) Por lo general, ¿los prestatarios usaron el crédito según los planes de negocio?
- 2) ¿Quiénes sí y quiénes no?
- 3) Entre los que no usaron el crédito según los planes, ¿cuáles fueron las razones más comunes?
- 4) ¿Hay repercusiones de parte de BANDESAL si los prestatarios no siguen el plan?
- 5) ¿Cuántos casos de modificaciones al plan de negocios hubieron?
- 6) ¿Para qué se hicieron esas modificaciones?
- 7) ¿Cómo se estructuraron las modificaciones en términos de monto, cuota, etc.?

C. Repago y Desempeño

- 1) ¿Cuáles son las medidas clave de repago y desempeño de portafolio que utilizan ustedes y por qué?

- 2) ¿Por lo general, como va el repago y el desempeño del portafolio FIDENORTE?
- 3) ¿Ha cambiado la tasa de repago y el desempeño año por año?
- 4) ¿Qué factores clave han influido en el repago y el desempeño?
- 5) ¿Tienen algo en común los prestatarios que han tenido un buen repago? ¿Un mal repago?

D. Resultados

- 1) ¿Se ha medido la inversión (o la contrapartida) de los prestatarios ligada al crédito FIDENORTE?
- 2) ¿Cómo se mide, y cuáles han sido los resultados?
- 3) ¿Se ha medido el empleo generado ligado al crédito FIDENORTE?
- 4) ¿Cómo se mide, y cuáles han sido los resultados?
- 5) ¿Se han medido las ventas y el ingreso neto de los negocios que recibieron crédito FIDENORTE?
- 6) ¿Cómo se mide, y cuáles han sido los resultados?

E. Lecciones Aprendidas

- 1) ¿Cuáles son las lecciones aprendidas de FIDENORTE para BANDESAL?
- 2) ¿Cuáles lecciones se han aplicado a su banca de desarrollo?

APPENDIX B

FIDENORTE APPLICANT SURVEY INSTRUMENT

Cuestionario para Solicitantes de FIDENORTE, 2013

El objetivo de esta entrevista es captar información sobre su experiencia con el programa de FIDENORTE, manejado por BMI/BANDESAL y FOMILENIO. Le vamos a preguntar sobre el crédito que solicitó, sus interacciones con BMI/BANDESAL y FOMILENIO, y el estado de su negocio. No tardará más de una hora y media. No se compartirá estos datos con nadie sin remover toda la información que podría identificarlo a usted, su organización, o su negocio. ¿Me permite grabar la entrevista para asegurar la calidad de los datos?

FECHA DE ENTREVISTA: _____

HORA DE ENTREVISTA: _____

A. General

- 1) Favor de verificar su nombre y apellido, además de la organización que representa si solicitó crédito FIDENORTE a través de una organización.

Nombre:	Según archivo:	<input type="checkbox"/>
	Corrección:	
Apellido:	Según archivo:	<input type="checkbox"/>
	Corrección:	
Organización:	Según archivo:	<input type="checkbox"/>
	Corrección:	

- 2) Según nuestros datos, Ud.(es) fue(ron) aprobado(s) para un crédito FIDENORTE de [MONTO] para [NEGOCIO]. ¿Es correcto? ¿Puede confirmar que Ud.(es) [tomó / no tomó] este crédito?

Monto solicitado:	Según archivo: [MONTO]	<input type="checkbox"/>
	Corrección:	
	Observaciones:	
Negocio:	Según archivo: [NEGOCIO]	<input type="checkbox"/>
	Corrección:	
	Observaciones:	
Estatus del crédito:	Según archivo: [Tomó el crédito / No tomó el crédito]	<input type="checkbox"/>
	Corrección:	
	Observaciones:	

[Seguir a pregunta A4 si TOMÓ el crédito FIDENORTE]

- 3) ¿Por qué no tomó el crédito?

- 4) ¿En términos de crédito, había alternativas al crédito FIDENORTE para su negocio cuando usted lo solicitó? Favor de elaborar sobre estas alternativas (si había).

1. Sí	Respuesta:
2. No	

- 5) ¿Cuáles eran las ventajas y desventajas del crédito FIDENORTE [comparado con estas alternativas]?

- 6) ¿Me puede hablar un poco sobre su negocio (o plan de negocio)? ¿Cuál es el producto, la clientela, y las actividades diarias del negocio?

7) ¿Qué tan común es su negocio en la región?

1. Muy común (uno o más en cada cantón)	Respuesta:
2. Común (uno o más en cada municipio)	
3. No tan común (unos pocos al nivel del departamento)	
4. Raro (unos pocos al nivel del país)	

8) ¿Cuál es la diferencia de su negocio comparado con negocios que ofrecen servicios o productos similares?

B. Actividades FIDENORTE

1) Favor de describir su comunicación con FOMILENIO en los últimos 12 meses, por teléfono y/o en persona.

2) Favor de describir su comunicación con BMI/BANDESAL en los últimos 12 meses, por teléfono y/o en persona.

Appendix B

- 3) En los últimos 12 meses, cuántas veces le ha visitado personal de BMI/BANDESAL?

_____ Veces

- 4) Fecha de última visita _____ / _____ / _____

- 5) Describa la última visita—quién visitó, qué hicieron, de qué hablaron, cuánto tardó, etc.

- 6) Por lo general, ¿han sido útiles las visitas? ¿Por qué?

1. Muy útiles	Respuesta:
2. Útiles	
3. No tan útiles	
4. No útiles (sin excepción)	

- 7) Fuera de la asistencia con el plan de negocio, Ud. (o su organización) solicitó asistencia técnica a través de FOMILENIO?

1. Sí	Respuesta:
2. No → Sección C si TOMÓ el crédito, D6 si NO TOMO el crédito	

- 8) ¿Qué tipo de asistencia solicitó?

- 9) ¿Se logró contratarla a través de FOMILENIO?

1. Sí	Respuesta:
2. No → Sección C si TOMÓ el crédito, D6 si NO TOMO el crédito	

- 10) ¿Le fue útil la asistencia? Favor de elaborar.

1. Muy útil	Respuesta:
2. Útil	
3. No tan útil	
4. No útil (sin excepción)	

[Seguir a pregunta D6 si NO TOMÓ el crédito FIDENORTE]

C. Repago de Crédito FIDENORTE

1) ¿Ha podido pagar todas sus cuotas a tiempo?

<p>1. Sí, sin dificultades → Pregunta C3</p> <p>2. Sí, con algunas dificultades</p> <p>3. No—tuvo por lo menos un pago tarde, pero actualmente está a tiempo con los pagos</p> <p>4. No—no está a tiempo con los pagos</p>	<p>Respuesta:</p>
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2) ¿Qué tipo de dificultades ha tenido?

[Seguir a pregunta D1]

3) ¿A qué se debe su éxito con el repago?

D. Inversiones

1) ¿Utilizo usted por lo menos una parte de su crédito FIDENORTE?

SI → Pregunta D3 NO

2) Porque no ha hecho uso del crédito FIDENORTE?

[SEGUIR A D6 SI NO HA INVERTIDO AL MENOS UNA PARTE DEL CRÉDITO FIDENORTE]

- 3) ¿En qué tipo de inversiones usó el crédito FIDENORTE? Intentemos sumar todas las inversiones para llegar al monto del crédito de [MONTO].

Inversión	Monto
1)	
2)	
3)	
4)	
5)	
6)	
7)	
8)	
9)	
10)	
11)	
12)	
13)	
14)	
15)	
16)	
17)	
18)	
19)	
20)	
21)	
22)	
23)	
24)	
25)	
Monto total del crédito	

- 4) Se han hecho estas inversiones según el plan de negocios que entregó a BMI/BANDESAL?

<p>1. Sí, totalmente → Pregunta D6</p> <p>2. Sí, la gran mayoría</p> <p>3. Más o menos</p> <p>4. No—las inversiones son distintas al plan de negocio</p>	<p>Respuesta:</p>
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5) Favor de explicar las desviaciones del plan original. Favor de indicar si se modificó el plan de negocios para reflejar estos cambios.

6) En los últimos 12 meses, ¿ha realizado inversiones en su negocio con dinero propio?

1. Sí	Respuesta:
2. No → Pregunta E1	

- 7) Favor de nombrar las inversiones que usted hizo en su negocio con su propio dinero y con otro dinero prestado (fuera de FIDENORTE) desde que solicitó el crédito FIDENORTE. Nos referimos a inversiones de mediano o largo plazo, no a gastos corrientes de su negocio.

Inversión Con Propio Dinero	Monto
1)	
2)	
3)	
4)	
5)	
6)	
7)	
8)	
9)	
10)	
11)	
12)	
13)	
14)	
15)	
16)	
17)	
18)	
19)	
Inversión Con Otro Dinero Prestado	Monto
1)	
2)	
3)	
4)	
5)	
6)	
7)	
8)	
9)	
10)	
11)	
12)	
13)	
14)	
15)	
16)	
17)	
18)	
19)	
Suma de Inversiones	

- 8) Calcule una suma de inversiones con su propio dinero de [SUMA]. ¿Esta suma es igual, mayor, o menor que anticipaba cuando solicitó el crédito FIDENORTE? Favor de explicar.

1. Igual 2. Mayor 3. Menor	Respuesta:
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[SEGUIR A E.1 SI NO TOMÓ EL CRÉDITO FIDENORTE]

- 9) Cree que habría hecho este nivel de inversión con su propio dinero sin el crédito FIDENORTE? Favor de elaborar.

1. Sí 2. No 3. No sabe	Respuesta:
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E. Empleo

- 1) En los últimos 12 meses ha contratado personal para su negocio? SI NO → Pregunta F1
- 2) Ahora vamos a hacer una estimación básica del empleo que ha generado su negocio durante el último año. Favor de nombrar a todas las personas que usted pagó por trabajo relacionado al negocio nombrado en el plan de trabajo de FIDENORTE en los últimos 12 meses. Estime el número de meses, semanas, y días que trabajó cada persona en este periodo, además de su pago diario y estatus como empleado permanente o temporal.

Nombre y Apellido	# Meses Trabajados	# Semanas por Mes	# Días por Semana	# Horas por Día	Pago por _____ (US\$)	Permanente o Temporal	Horas Trabajados en el Año
1)							
2)							
3)							
4)							
5)							
6)							
7)							
8)							
9)							
10)							
11)							
12)							
13)							
14)							
15)							
16)							
17)							
18)							
PAGINA ANEXA <input type="checkbox"/>					Total de horas trabajados en el año		[]
					Empleos de tiempo completo		<u> </u> 2,000

Entrevistador: Sume el número de horas trabajadas en los últimos 12 meses [al multiplicar los meses, semanas, días, y horas para cada persona y sumar los días entre todas las personas] y divida por 2,000 para llegar al número de empleos equivalentes que ha contratado el entrevistado en el año anterior.

- 3) Calculamos que se han generado [X] empleos de tiempo completo en el último año—o sea [X] empleos de 2,000 horas por año ¿Esto es igual, mayor o menor que Ud. anticipaba cuando solicitó el crédito? Favor de explicar.

1. Igual	Respuesta:
2. Mayor	
3. Menor	

[SEGUIR A F1 SI NO TOMÓ EL CRÉDITO FIDENORTE]

- 1) Cree que podría haber logrado este nivel del empleo sin el crédito FIDENORTE? Favor de elaborar.

1. Sí	Respuesta:
2. No	
3. No sabe	

F. Costos e Ingresos

1) ¿Ha tenido usted ingresos o gastos en su negocio en los últimos 12 meses?
 SI NO → Sección G

2) Ahora vamos a hacer una estimación básica de la utilidad neta de su negocio, o la ganancia que ha tenido en el último año. Favor de nombrar los ingresos y los costos que ha tenido en los últimos 12 meses, empezando con los ingresos.

Verifique que el valor de salarios no contradice la información proporcionada en Sección E. Verifique que no se incluyen inversiones mencionadas en Sección D. Calcule la utilidad neta (ingresos – gastos)

Ingresos	
Ventas 1 _____	\$
Ventas 2 _____	\$
Ventas 3 _____	\$
Otro 1 _____	\$
Otro 2 _____	\$
Otro 3 _____	\$
Ingresos Totales	\$
Gastos	
Insumos 1 _____	\$
Insumos 2 _____	\$
Insumos 3 _____	\$
Local y/o Bodega	\$
Salarios	\$
Maquinaria y Equipo	\$
Electricidad, Agua, Drenaje	\$
Gastos de Administración	\$
Empaque y Transporte	\$
Gastos de Venta, Mercadeo, Comunicación, Promoción	\$
Impuestos, Aranceles, y Aduana	\$
Depreciación	\$
Gastos Financieros	\$
Otro 1 _____	\$
Otro 2 _____	\$
Otro 3 _____	\$
Gastos Totales	\$
Utilidad Neta (Ingresos Totales – Gastos Totales)	\$

3) Calculamos la utilidad neta (o ganancia) de [X] para su negocio en los últimos 12 meses ¿Es igual, mayor o menor que Ud. anticipaba cuando solicitó el crédito? Favor de explicar.

1. Igual	Respuesta:
2. Mayor	
3. Menor	

[SEGUIR A LA SECCIÓN G SI LA UTILIDAD NETA ES NEGATIVA]

4) ¿Se ha podido reinvertir sus ganancias en el negocio? Favor de elaborar.

1. Sí	Respuesta:
2. No	

5) ¿Se ha podido usar sus ganancias para inversiones fuera del negocio como salud, educación, casa, etc.? Favor de elaborar.

1. Sí	Respuesta:
2. No	

[SEGUIR A LA SECCIÓN G SI NO TOMÓ EL CRÉDITO FIDENORTE]

- 6) Cree que podría haber logrado este nivel de ganancia sin el crédito FIDENORTE?
Favor de elaborar.

1. Sí	Respuesta:
2. No	
3. No sabe	

G. Otros Resultados

- 1) ¿Qué cambios se han dado en el negocio desde que tomó/solicitó crédito FIDENORTE?

[Preguntar por: construcción, personal, nuevos productos/servicios, y niveles de ventas]

Appendix B

- 2) ¿A raíz de solicitar/tomar crédito FIDENORTE han aumentado o mejorado sus vínculos con proveedores y/o compradores? Favor de explicar.

1. Sí, con proveedores y compradores	Respuesta:
2. Sí, con proveedores	
3. Sí, con compradores	
4. No	

- 3) ¿Ha cambiado su calificación de riesgo en los últimos años después de haber solicitado crédito de FIDENORTE? Favor de explicar.

1. Sí, ha mejorado	Respuesta:
2. Si, ha empeorado	
3. No ha cambiado	
4. No sabe	

- 4) ¿Ha buscado otro crédito fuera de FIDENORTE en los últimos tres años? Favor de elaborar.

1. Sí	Respuesta:
2. No → Sección H	

- 5) ¿Le otorgaron el crédito?

1. Sí	Respuesta:
2. No	
3. Está en proceso	
4. No sabe todavía → Sección H	

- 6) ¿Su experiencia con BMI/BANDESAL tuvo algo que ver con ese resultado? Favor de explicar.

1. Sí	Respuesta:
2. No	
3. No sabe	
4. No aplica	

[Hacer la siguiente pregunta si LE OTORGARON EL CRÉDITO (G5=1)]

7) ¿Puede compartir el propósito y los términos del crédito?

Fecha que se otorgó el crédito:

Propósito del crédito:

Organización que lo otorgó:

Plazo:

Monto:

Tasa:

H. Satisfacción y Lecciones Aprendidas

1) ¿Qué tan satisfecho/a está con el programa FIDENORTE, el cual incluye la asistencia con el plan de negocios, la asistencia técnica (si aplica), además del préstamo y el seguimiento (si aplica)? Favor de explicar.

1. Muy satisfecho/a	Respuesta:
2. Satisfecho/a	
3. No satisfecho pero no insatisfecho	
4. Insatisfecho	
5. Muy insatisfecho	

Appendix B

- 2) ¿Cuáles han sido las lecciones más importantes que ha aprendido usted(es) debidas a su experiencia al solicitar [y tomar] un crédito FIDENORTE?

- 3) Pensando su negocio, ¿qué cambiaría si pudiera hacer la inversión de nuevo?



- 4) ¿Alguna práctica o servicio de BMI/BANDESAL que le haya sido muy útil para su negocio?

5) ¿Algunas recomendaciones para BMI/BANDESAL para mejorar su programa de créditos? Por ejemplo, ¿algún servicio o proceso adicional?

6) ¿Cuáles son sus planes futuros para su negocio (u otro similar)? (Preguntar por niveles de inversión, empleo, e ingresos previstos.)

Y terminamos la entrevista. Muchas gracias por su tiempo.

ANEXO 1: LLENE SI TIENE MAS DE 18 EMPLEADOS

Nombre y Apellido	# Meses Trabajados	# Semanas por Mes	# Días por Semana	# Horas por Día	Pago por ____ (US\$)	Permanente o Temporal	Horas Trabajados en el Año
19)							
20)							
21)							
22)							
23)							
24)							
25)							
26)							
27)							
28)							
29)							
30)							
31)							
32)							
33)							
34)							
35)							
36)							
37)							
38)							
39)							
40)							
					Total de horas trabajados en el año		[]
					Empleos de tiempo completo		<u>2,000</u>

APPENDIX C

**QUALITATIVE PROTOCOL FOR FINANCIAL SERVICES
DATA COLLECTION, FEBRUARY 2014**

Questions to be administered to each of the stakeholders below, with Xs indicating whether each battery of questions is asked:

	In-Person Interviewees			
	MCC and FOMILENIO staff (involved in Activity 3)	BANDESAL staff (involved in Activity 3)	SGR staff (involved in guarantee fund)	Staff from lending institutions (loan officers and branch managers)
Topic 1. What were the Financial Services Activity's levels of demand, lending and costs?				
Demand for guarantees and insurance	X	X	X	X
Levels of lending, crop insurance policies, and assistance	X	X		
Costs	X	X	X	X
Topic 2. What were the characteristics of participating borrowers, participating financial institutions, and loans guaranteed under the Financial Services Activity?				
Characteristics of lending institutions			X	X
Loan characteristics			X	X
Borrower characteristics			X	X
Topic 3. How was the Financial Services Activity implemented?				
General roles and activities	X	X	X	
Implementation at financial institutions				X
Facilitators and barriers	X	X	X	X
Topic 4. What were the Financial Services Activity's results?				
Perceptions on access to credit	X	X	X	X
Repayment			X	X
Institutional effects		X	X	X
Sustainability	X	X	X	X

Justification for question assignment: Due to their multiyear involvement in the sub-activity design and implementation, BANDESAL and FOMILENIO representatives have a strong understanding of nearly every aspect of the interventions, including their results and potential sustainability. However, because BANDESAL and FOMILENIO representatives did not have firsthand interactions with borrowers or access to participating banks' financial records, we will not ask them about characteristics of borrowers, loans, and institutions (Topic 2). Regarding the other stakeholders, SGR and lending institutions are in an ideal position to speak to all research topics above, given their direct knowledge of demand for guaranteed loans, borrowers and loan conditions, application of guarantees, and loan repayment. However, SGR and lending institutions should not be asked general questions about the activity's overall goals and implementation.

Before interviews with lending institutions: Request that interviewees bring some summary statistics on overall lending in the Northern Zone, their clientele, and the sectors in which they operate.

1. Demand, Lending, and Costs

- [Exclude financial institutions] Was demand for guarantees, crop insurance policies, and technical assistance higher or lower than anticipated?
- What is the best way to define “demand” for guarantees or guaranteed loans? Did PROGARA NORTE and SGR have higher qualified demand than final number of guaranteed loans?
- What can explain these levels of demand? What were the main constraints, if any, to even higher levels of PROGARA NORTE and SGR lending?
- [For MCC/FOMILENIO/BANDESAL only] Did the number and amount of loans and crop insurance policies meet compact and programmatic targets? Why or why not?
- [For MCC/FOMILENIO/BANDESAL only] What were the administrative costs of PROGARA NORTE and SGR programs borne by FOMILENIO/BANDESAL/SGR? Were these costs anticipated?
- [For financial institutions] What were the costs (time or money) of the guarantee program? Were these higher or lower than expected?
- [For MCC/FOMILENIO/BANDESAL only] What changes in funding and budget allocations took place over the course of the project, and why?

2. Description of Participants, Loans, and Institutions

- [For financial institutions] Please describe your clientele, lending in the NZ, ownership and structure.
- [For SGR] Please describe your member-enterprises inside and outside the NZ in terms of their activities and credit needs. Please outline these enterprises incentives to seek assistance from SGR with partial guarantees.
- [For financial institutions] Did you access PROGARA guarantees in the Northern Zone before PROGARA NORTE existed?
- [For financial institutions only] In terms of interest rate, loan amount, loan purpose, collateral requirements, and repayment period, were PROGARA NORTE-guaranteed products different from prior loan products or non-guaranteed loans made during the same time period?
- [For SGR only] In terms of interest rate, loan amount, loan purpose, collateral requirements, and repayment period, were SGR-guaranteed loans in the NZ different from previous or existing SGR-guaranteed loans outside the NZ?
- [For financial institutions] How did you identify potential borrowers of guaranteed loans?

- [For SGR] How did SGR identify (potential) member-enterprises in the Northern Zone for assistance with guarantees?
- [For financial institutions] Please describe the typical borrower who got a PROGARA NORTE- or SGR-guaranteed loan, versus a borrower who got a similar but non-guaranteed loan during the same time period.

3. Implementation

- [Exclude financial institutions] What administrative activities and services did BANDESAL, SGR, and FOMILENIO perform related to the Financial Services Activity?
 - What activities and investments were involved in designing and implementing the guarantee and crop insurance programs, and providing technical assistance to financial institutions?
 - What individuals and organizations were involved? Have BANDESAL management and key staff changed since the guarantee funds were established?
 - Were these activities carried out as conceived in the 2006 compact and original implementation plan?
 - How did Financial Services activities interact with PBS activities or other investments funded under the PDP?
- [Exclude financial institutions and SGR, unless they received technical assistance] Please describe any technical assistance related to the Financial Services Activity.
 - How were technical assistance training units designed and who designed them? What were stakeholders' goals and expectations for the assistance? Were these goals and expectations met?
 - What were the planned and actual results of technical assistance in terms of the number of people trained/certified and the skills and knowledge learned by participants?
- [Financial institutions only] What administrative activities and services did your institutions perform related to the guarantee funds?
 - What individuals were involved in these activities, and are these individuals still employed by the bank/union?
 - Did your organization set or follow any formal procedures to select or approve applicants/loans for guarantees?
 - What was the role of bank management versus loan officers in applying the guarantees?
 - Did end borrowers know about PROGARA NORTE guarantees and/or request the new financial products?

- Did participating financial institutions “sell” the guaranteed loans as distinct from their typical loans?
- Did participating financial institutions make loans to new customers or did they use the products as alternative collateral for existing clients?
- Did participating financial institutions target women borrowers with the guarantee program as an alternative to other forms of collateral?
- [All respondents] Please name the primary facilitators and barriers to implementation of the guarantee programs, the crop insurance program, and technical assistance program. We also call these “best practices” and “lessons learned.”
 - What practices and decisions turned out to be wise, in hindsight? What administrative practices and decisions inhibited the programs in the long run?
 - What would you change about the programs if you could do them over again?

4. Results

- According to stakeholders, did PROGARA NORTE and SGR (and TA) help to increase access to credit (and amount of credit provided) for MSMES in the targeted sectors (fruit, vegetable, dairy) in the Northern Zone?
- [Only financial institutions and SGR] What was the overall repayment rate for PROGARA NORTE- and SGR-guaranteed loans? (SGR appears to track repayment, according to its administrative records)
- [Only financial institutions] From your recollection, what factors affected repayment?
- Did the guarantee programs, crop insurance program, or technical assistance program enhance institutional capacity or inform practices or products at BANDESAL or other participating organizations?
- Did participating financial institution lending behavior change in the Northern Zone as a result of the guarantee funds or technical assistance?
- Were PROGARA and SGR financially sustainable, in terms of the balance between administrative costs and defaults on one hand and earned interest and premiums on the other?
- Are participating financial institutions still using PROGARA NORTE (or a similar guarantee program) after the Compact?